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SUBJECT: KMT CHAIRMAN LIEN CHAN ON HIS HU JINTAO MEETINGS

Classified By: AIT Director Douglas Paal, Reason(s): 1.4 (B/D)

1. (C) Summary: In a May 6 meeting, KMT Chairman Lien Chan told the AIT Director that he met with PRC President Hu Jintao four times during his April 29 visit to Beijing. Lien said that he and Hu talked at length at two of the four meetings. At a closed door meeting between Lien and Hu along with their close advisors, the two sides agreed to pursue peace and security confidence building measures, and a mechanism for economic cooperation and to convene separate forums for economic and political exchanges twice annually. Lien said that at a pre-dinner discussion Hu offered to permit PRC tourists to visit Taiwan and to permit 15 categories of fruit imports from Taiwan without duty. He then offered to send PRC pandas to Taiwan. Lien said that he was able to be positive about the prospect of PRC tourists visiting Taiwan and Taiwan fruit going to the PRC, but he had to be cautious about pandas because many authorities on Taiwan would need to approve. He said he was optimistic they would eventually be approved. Lien told the Director that he did encourage Hu to pursue dialogue with Chen Shui-bian but that Hu did not respond positively or negatively. Lien noted that Hu said the PRC would continue to be mindful of Taiwan's quest for more international space and would pursue confidence building measures proposed by the KMT, but beyond that there was no detailed discussion. Lien also noted that they did not touch on sensitive issues such as the missiles targeted at Taiwan, the "1992 Consensus," or the Special Defense Budget. End Summary.

Behind Closed Door with Hu Jintao

2. (C) In a May 6 meeting, KMT Chairman Lien Chan told the AIT Director that he met with PRC President Hu Jintao four times during his April 29 visit to Beijing -- at a televised formal reception, during a closed door discussion, at a pre-dinner talk, and during the scheduled dinner. Lien said that the most substantive discussion took place during the closed door meeting between Lien and Hu along with their close advisors. Although originally scheduled for forty minutes, Lien said, the meeting continued for one hour and forty minutes. Characterizing his exchanges with Hu as "frank, natural, and friendly," Lien said that they started by talking about the present rather than the past, then focused on the future. Lien said he told Hu that both Taiwan and China should work together to halt the "vicious circle of tension between the two sides that started in 2000," and that he praised Hu for starting the search for peace this March by inviting Taiwan opposition leaders to visit China. Lien said he explained to Hu the "special circumstance" of Taiwan's experience of having been colonized. Given the pioneering spirit of the Taiwanese people, he told Hu, the negative colonial experience left a deep sense of sorrow and tragedy (bei-qing) in the Taiwanese psyche. Lien said that Hu responded pointedly and said, "Since you have drawn attention to this issue, we will be especially cognizant of the issue and endeavor to understand it" (quanxin gen liaojie).

3. (C) Lien said that he then expressed hope that the KMT and Chinese Communist Party (CCP) can establish a platform to continue their dialogue. Noting that Hu responded favorably to his statement, Lien stressed the importance of this agreement given the long absence of dialogue between the PRC and the Taiwan authorities. Lien pointed out that while the KMT was an opposition party, the CCP was not. Lien told the Director that he proposed four ideas to Hu, and Hu responded favorably to all of them -- peace and security confidence building measures, economic cooperation, a forum for economic exchange, and a mechanism for economic cooperation.

Peace and Security Confidence Building Measures

4. (C) Lien told the Director that the KMT and CCP agreed to undertake confidence building measures in order to work toward a peace agreement between Taiwan and the PRC. Lien said that the discussions involved a general commitment toward peace and security and that neither he nor Hu raised any contentious issues or any specific problem areas such as the missiles targeted at Taiwan, the "1992 Consensus" (the formula of "One China, with different interpretations"), or the Special Defense Budget currently before the Taiwan legislature. Arguing that it was more important for the two

party's leaders to achieve mutual recognition of shared goals, Lien said, "in politics and diplomacy, we need some ambiguity."

15. (C) Lien noted that he separately told Jia Qinglin that the KMT has "certain reservations" about the Anti-Secession Law recently promulgated by the PRC. Lien said that he told Jia that the rise of Taiwan consciousness does not necessarily mean support for Taiwan independence and that all Taiwanese should not be forced to suffer the consequences of a pro-independence ideology of a small minority. Lien emphasized to the Director the importance of recognizing all the good will the PRC had expressed since passage of the Anti-Secession Law.

Economic Issues

16. (C) Regarding economic cooperation, Lien told the Director that Hu said the "Twelve Points" to which the PRC agreed during KMT Vice Chairman P.K. Chiang's visit still stand and that he hoped Taiwan will do all it can to facilitate the agreements. Lien said that the KMT and CCP also agreed to convene meetings annually to exchange views on economic and political issues, with one on each topic every year with alternating venues, thus a KMT-CCP meeting every six months. They would invite scholars, business leaders, and officials from other political parties. Finally, Lien told the Director that he proposed to Hu a "common market" -- an idea originally promoted by former KMT Vice Chairman Vincent Siew but rejected by the PRC -- as an economic cooperation mechanism. Lien explained that he had reintroduced the "common market" idea because he realized that the PRC would not accept a Free Trade Agreement (FTA) and that Chen Shui-bian would not accept the Hong Kong-style Closer Economic Partnership Agreement (CEPA). A common market, he explained, "is wide enough to cover all that we wanted and can always be defined to exclude what we do not want." Lien told the Director that Hu accepted the concept in the end, noting it took the European Union fifty years to implement its common market.

Hopes for Government to Government Contact?

17. (C) Lien told the Director that Hu mentioned the issue of Taiwan participation in the World Health Assembly (WHA) but noted that this would require negotiation with official Taiwan authorities. Nevertheless, Lien told the Director, Hu said he had already asked his PRC officials to approach the WHA Secretariat to find a way for Taiwan medics and medical scholars to participate and share their expertise, Lien reported to the Director. When the Director asked if the PRC will insist on Taiwan participating under the nomenclature "Taiwan, China," Lien replied that Hu told him he was willing to discuss the issue. Lien said he believes the nomenclature "Chinese Taipei" should work. He lamented, however, that Chen Shui-bian is always looking for symbolic victories rather than gaining substantive progress in participation in international organizations.

18. (C) Lien told the Director that he emphasized to Hu that he, as a private citizen, could only do so much. In order for there to be more progress toward peace between Taiwan and the PRC, Hu and Chen Shui-bian should pursue dialogue. Lien said that Hu did not say yes or no to the proposal. Lien said that Hu told him the PRC would continue to be mindful of Taiwan's quest for more international space and would pursue confidence building measures as proposed by the KMT, but beyond that there was no further discussion.

19. (C) Lien said the secretaries general of the KMT and the Taiwan Presidential Office have already talked by telephone and repeated to the Director his public comments that he has not ruled out the possibility of talking to Chen Shui-bian. Evidently posturing to avoid becoming a demandeur, Lien said that so far nothing has been decided about meeting with Chen.

Tourists, Fruit, and Pandas

10. (C) Lien told the Director that he and Hu had another chat prior to their formal dinner. Lien said that at that meeting Hu mentioned there were two gestures that the PRC could take unilaterally to express good will toward Taiwan. According to Lien, Hu said the PRC would permit PRC tourists to visit Taiwan and 15 categories of Taiwan fruit to be exported to the PRC without tariff. Lien said that after the discussion on tourists and fruit "came the pandas." He said he thanked Hu but told him that pandas going to Taiwan will take some time to work out. Lien pointed out that many Taiwan cities are already competing to receive the pandas. Lien noted that Taipei City Mayor Ma Ying-jeou has said that he is ready, but Lien said the issue should also be discussed with Taichung and Kaohsiung. Lien also noted to the Director that Taiwan environmentalists with a political agenda might

challenge the idea of pandas coming from the PRC.
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